

IN THIS STUDY

This IDC study examines the U.S. wireless consumer market, which is expected to continue steady but declining growth in both subscriber and total revenue services growth over the course of the forecast period. Key market dynamics like the role of MVNOs and slowing subscriber growth are examined, as are competitive strategies for U.S. service providers as part of the broader wireless ecosystem.

Methodology

The forecasts and analysis in this study are based on analysis of carrier financial statements, quarterly and annual results reported by the wireless carrier community, and IDC's analyst conversations with wireless carriers, solutions providers, and device manufacturers throughout every quarter.

While this study focuses on the U.S. wireless consumer subscriber market in parallel with *U.S. Wireless Business 2006-2010 Forecast* (IDC #34980, forthcoming), it is important for IDC clients to note that IDC changed its definition of a business subscriber from a usage-based definition (using 50% or more of a subscriber's wireless service) to a generally contract-based definition (as being on a corporate service contract). In response to client requests, the new definition of business subscriber also includes small office/home office (SOHO) users as their wireless usage characteristics tend to generally mirror larger business users and because wireless service providers see SOHO as part of their overall business market strategies.

The sum effect of this definitional change was to increase the total size of the consumer subscriber market and decrease the total size of the business subscriber market. However, this change also resulted in sharply higher voice and data ARPU numbers for the business market and consequent lower numbers for the consumer market.

Data ARPU figures are estimated from previously published IDC forecasts and make an allowance for data services that exist but are not separately forecast as well as for future data applications and revenue sources that have yet to be forecast but that IDC has factored into these forecasts, like advertising revenue. IDC also assumes data services pricing erosion as a function of competition across a range of data services, especially later in the forecast period.

Finally, consistent with industry practice, IDC does not currently distinguish between subscribers and subscriptions. For instance, a subscriber of service provider A who uses wireless service over both a handset and over a laptop AirCard of service provider A (technically one subscriber with two subscriptions) is counted by IDC and the industry as two subscribers. Therefore, the overall wireless penetration levels in the total U.S. population in this forecast are technically lower than forecast and help contribute to additional subscriber growth over the forecast period.

Note: All numbers in this document may not be exact due to rounding.

SITUATION OVERVIEW

The U.S. wireless service provider industry had another stellar year, with 2005 ending with approximately 21.8 million net new subscriber adds, the industry crossing the 200 million subscriber and 70% market penetration thresholds, positive market reaction to the first handset-based 3G applications like Verizon Wireless' VCAST, and providers reporting they had crossed the 10% data ARPU level. Wireless' rapid evolution into the "third screen" in users' lives after the PC and TV is now firmly established, and the business market has showed renewed interest in wireless as ubiquitous 3G wireless broadband connectivity in major metropolitan areas became a reality.

Another key dynamic in 2005 was that mobile virtual network operators moved into the market entry phase, with the year closing with the market launches of ESPN Mobile and Amp'd Mobile. As IDC has previously noted, MVNOs operate on a retail market model by targeting only certain market segments with customer experiences designed expressly for those market segments, and choose to forgo the vast majority of the broader subscriber market. By contrast, the major national service providers operate on a utilities market model and aim to get as many financially viable subscribers as possible with a service experience that does not substantially distinguish among market segments. The two key roles that MVNOs will play over the forecast period are to force the broader wireless service provider market to adopt a retail market model approach and to increase the overall level of service provider competition.

Key dynamics that form the backdrop to IDC's forecasts and analysis include the following:

- ☒ **Slowing subscriber growth.** With the market passing the 70% penetration threshold and the 200 million subscriber mark, there are simply fewer potential subscribers left. IDC believes that competition will generally drive service providers to do what they must to maintain subscriber growth for as long as possible, resulting in relatively robust subscriber growth through 2008, and then sharply slower growth thereafter when market saturation levels are approached.
- ☒ **Increasing competition.** The announcement of 20+ MVNOs and their subsequent market entry will result in increased competition among service providers. This increased level of competition will manifest itself in voice and data pricing erosion (as discussed in additional bullet points in this section), service and marketing innovations, and the evolution of basic service provider market models.
- ☒ **Market model evolution.** As discussed previously by IDC and previously in this study, MVNOs operating on a retail market model will force the established national service providers to evolve away from their traditional utilities market model and toward the retail market model to compete more effectively. The one-size-fits-all service offerings of the national service providers will need to evolve toward more customized and personalized experiences to better address key market segments, such as younger children, youth and young adults, working

women, young adult males, mobile executives, and key ethnic groups, among others.

- ☒ **Voice ARPU erosion.** Voice ARPU erosion was noticeable in 2005 and is forecast to continue throughout the forecast period at a rate that accelerates toward the end of the forecast period due to increased competition among service providers as subscriber growth slows to a relative trickle. The potential for wireless VoIP to increase voice ARPU erosion is noted by IDC; however, given the uncertain service provider approach to wireless VoIP as of the writing of this study, substantial voice ARPU erosion due to VoIP is not directly accounted for in these forecasts.
- ☒ **Data services growth.** One of the brightest stories of the U.S. wireless industry is the rapid growth of data services, which will have zoomed from less than \$1 billion in 2001 to a forecast \$25 billion in 2010. IDC's data ARPU forecasts assume that data services — especially content and entertainment applications — will experience rapid growth over the forecast period and that new forms of data revenue such as location-based services and advertising revenue will contribute to data ARPU numbers.
- ☒ **Growth of content and entertainment services.** The growth of content and entertainment services — both in types of services and their overall adoption and usage — is a key contribution to data services growth over the forecast period. With wireless video clips already approaching the 22-minute programming length of traditional 30-minute broadcast TV programs, compelling location-based services being introduced, wireless distribution of music and the availability of wireless handsets with built-in music players, and the proliferation of new content types like "babysitter" entertainment designed for the toddler children of adult wireless users, the wireless entertainment and content market is expanding rapidly in many directions simultaneously and contributes substantially to data services ARPU growth over the forecast period.
- ☒ **Data services pricing erosion.** In 2005, data services pricing erosion emerged in certain forms of data, like SMS and laptop AirCard access. IDC believes that data pricing erosion will generally increase over the forecast period, especially at the end of the period, largely as a function of an increasingly competitive marketplace. IDC also believes the data services pricing erosion will emerge first and most strongly in services that are largely undifferentiated among service providers and therefore most easily commoditized, like SMS, MMS, AirCard access, email access, and perhaps eventually basic wireless TV service packages. Nevertheless, the total growth of the data services market is forecast to strongly outweigh pricing erosion, resulting in very healthy data services revenue growth through 2010 and beyond.
- ☒ **Wireless marketing and advertising.** Wireless service providers will need to embrace mobile marketing and advertising to their customers over wireless devices to both better influence its evolution and impact on customers and to monetize untapped revenue sources given voice and data pricing erosion. The data revenue and resultant data ARPU forecasts in this study assume substantial service provider revenue from wireless marketing and advertising. Indeed, it is difficult for IDC to foresee relatively steady total ARPU over the forecast period

absent substantial wireless advertising revenue, and using wireless as an advertising medium is an absolutely natural development of the wireless ecosystem.

- ☒ **Service provider consolidations.** Notwithstanding increasing levels of service provider competition over the forecast period due to the entrance of MVNOs, IDC believes that successful MVNOs will simply be bought by larger providers, or their business models copied by the larger providers once success has been demonstrated. Indeed, many MVNOs' business plans are designed for buyouts as a (smart) market exit strategy. Such consolidation is consistent with the history of the U.S. wireless service provider industry, with the awarding of 1G licenses in the 1980s and subsequent consolidation to fewer providers through the mid-1990s, the expansion of competition with the licensing of PCS in the mid-1990s and subsequent consolidation of the industry through the 2005 merger of Sprint and Nextel, and now the increasing number of MVNOs in the latter half of this decade with the inevitable consolidation that will occur probably beginning in the 2008–2009 time frame just as overall subscriber growth slows markedly. This final consolidation should result in some pricing stability relative to the immediately preceding period.
- ☒ **Business market growth.** The U.S. wireless business market is forecast to experience strong growth throughout the forecast period. This is resultant of a combination of factors including the availability of ubiquitous 3G wireless broadband connectivity, the evolution of wireless devices that are designed to better serve the needs of key business market segments, a stronger focus on serving key business market segments by U.S. wireless carriers, new data services applications that meet business connectivity needs, and the general efficiency of wireless communications. Although the U.S. wireless business market is separately forecast and analyzed by IDC, its impact is easily discernible in the total subscriber and total revenue forecasts in this study.
- ☒ **New user segments.** A key underpinning of these forecasts is the already-underway evolution of wireless to serve new market segments. For instance, service providers like Cingular and Verizon Wireless now offer devices designed specifically for children 12 years old and younger, the content industry is developing wireless content for children as young as *12 months* old, pet collar tags that serve as pet trackers will likely be introduced, and using 3G wireless broadband for wireless business and office connectivity is already a reality. These new and evolving user segments and service scenarios contribute to subscriber and revenue growth over the forecast period.
- ☒ **Multiple devices and subscriptions per person.** The scenario of one individual having multiple wireless devices and service subscriptions is already firmly established, and IDC believes this trend will continue, further contributing to subscriber and revenue growth. A key contributing factor will be the more active management of corporate wireless services by businesses. For instance, a company may provide an employee with a no-charge wireless phone strictly for business use, and the same employee may have a wireless phone for personal use. Users may also want to separate their business and personal lives — especially with the growth of wireless entertainment and of content users may

want to treat as private, and additional uses for wireless such as providing laptop connectivity while mobile.

FUTURE OUTLOOK

Taken together, the key market dynamics over the forecast period include the slowing of total subscriber growth, increasing levels of competition from MVNOs followed by further service provider consolidation, market model evolution among established national wireless service providers from a utilities-type market model to a retail market model, continued voice ARPU erosion, strong data revenue growth offsetting emerging data pricing erosion, the critical role of content and entertainment in driving data service revenue, strong business market growth, new and emerging user segments, new uses of wireless contributing to continued subscriber and total revenue growth over the forecast period, and total average ARPU remaining relatively stable across the forecast period.

Forecast and Assumptions

Major dynamics are impacting and accelerating the tremendous transformation that the wireless service provider industry began to experience in 2003; this transformation increased in 2004–2005 and will continue to do so throughout the forecast period. IDC has therefore developed a number of key assumptions related to economic conditions, technology trends, consumer and business wireless subscriber behavior, and regulatory policy. These assumptions are central to the qualitative and quantitative sections of this forecast. Although this list is not exhaustive, it includes many of the key factors IDC believes will be core to wireless market evolution over the forecast period (see Table 1).

TABLE 1

Key Forecast Assumptions for the U.S. Wireless Consumer Market, 2006–2010

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Macroeconomics				
Economy	U.S. economic growth will remain positive in 2006.	Moderate. The economy's health has a moderate impact on the U.S. wireless consumer market.	↑	★★★★☆
Policy	Federal policy will likely not inhibit further service provider consolidation among non-network based MVNOs or mergers between MVNOs and major facilities-based service providers.	Moderate. Consolidation among MVNOs over the forecast period may provide some pricing stability.	↑	★★★★☆

TABLE 1**Key Forecast Assumptions for the U.S. Wireless Consumer Market, 2006-2010**

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Technology/service developments				
Network upgrades	3G wireless broadband network buildouts will continue to be on schedule and will be deployed by all major U.S. wireless carriers.	High. Faster data networks will offer a more compelling user experience and encourage the adoption of wireless data services.	↑	★★★★★
Device development	Handset manufacturers will continue to invest in developing devices that encourage the use of data services, particularly messaging and content applications.	High. Ease of use will encourage further adoption and use of wireless data, content, and entertainment services.	↑	★★★★★
Content and services development	New wireless content and new wireless services will be developed over the course of the forecast period.	High. New and compelling wireless content and services will encourage additional data usage and help drive additional subscriber growth.	↑	★★★★★
Capitalization				
Strong capital markets	The financial community will remain open to wireless industry investment, especially in MVNOs, content, and entertainment applications.	High. Wireless services tend to be capital intensive; developing market traction will require sustained investment.	↑	★★★★★
Market characteristics				
Consumer market landscape	Wireless devices will continue to evolve as the "third screen" in users' lives after TVs and PCs, and wireless users will remain receptive to compelling data applications such as location-based services, content, and entertainment.	High. Wireless consumer revenue growth over the forecast period is driven largely by consumer adoption of data services, offsetting continued voice services pricing erosion.	↑	★★★★★

TABLE 1

Key Forecast Assumptions for the U.S. Wireless Consumer Market, 2006–2010

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Business market landscape	U.S. businesses are looking to wireless to improve efficiencies and productivity while also improving management of wireless spending through increased use of corporate-liable plans.	High. As business relies more on wireless, wireless capabilities like email and ubiquitous wireless broadband connectivity will drive data revenue. Total subscriber growth will be driven in part by corporate policies that discourage personal use of corporate-provided cell phones, thereby driving additional users to have a personal cell phone in addition to their employer-provided cell phone.	↑	★★★★☆
Voice services pricing	Voice services pricing will continue to experience sustained and increasing erosion over the forecast period as a function of competition.	High. Voice pricing erosion makes wireless more attractive to remaining non-wireless subscribers and to businesses that may offer service to employees over corporate-liable plans, while forcing service providers to concentrate on data services for revenue.	↔	★★★★☆
Data service pricing	Pricing will decline steadily over the forecast period for many data services, such as SMS, MMS, and laptop AirCard access.	Moderate. Declining prices will help drive additional data services adoption, which in aggregate will outweigh data pricing erosion.	↑	★★★★☆
Market ecosystem				
MVNOs	MVNOs will continue to enter the market, focusing on particular market segments by operating on a retail market model.	High. MVNO market entry will increase competition and services pricing erosion but highlight new market opportunities for the broader wireless industry — especially in data and content.	↑	★★★★☆

TABLE 1**Key Forecast Assumptions for the U.S. Wireless Consumer Market, 2006–2010**

Market Force	IDC Assumption	Impact	Accelerator/ Inhibitor/ Neutral	Certainty of Assumption
Wireless carrier market strategy	Major national service providers will likely remain focused on serving as many consumer subscribers as possible and will increasingly focus on the business market for additional growth.	Moderate. National service providers' focusing on traditional and largely undifferentiated market strategies will provide market opportunities to smaller providers like MVNOs, especially in the consumer space.	↔	★★★★☆

Legend: ★★★★★ very low, ★★★★★ low, ★★★★★ moderate, ★★★★★ high, ★★★★★ very high

Source: IDC, 2006

Subscriber Forecast

IDC forecasts strong total subscriber growth through 2007 as the service provider industry focuses on signing up every easily available potential subscriber, reinforced by financial analysts that measure market success in part by net subscriber add figures. However, 2007 is also the year in which the industry is forecast to cross the key 80% market penetration threshold, which IDC believes represents a market that is approaching natural saturation levels. In 2008, subscriber growth is forecast to slow sharply; and by 2010, total subscriber growth is forecast to slow to just over 2% annually, which nevertheless represents over 5 million annual net adds. Whereas annual consumer subscriber growth will have slowed by 2010 to about 1% (approaching annual population growth), the business subscriber market is forecast to continue to experience solid subscriber growth of 6% as late as 2010. Continued business subscriber growth results from businesses finding new ways to use wireless to meet their communications and connectivity needs, business usage policies such as wireless devices on master corporate contracts to better manage wireless costs and for which non-business usage is explicitly forbidden or implicitly discouraged (such as no free night and weekend calling), and the growth of data services such as email and laptop AirCard subscriptions (see Table 2 and Figure 1).

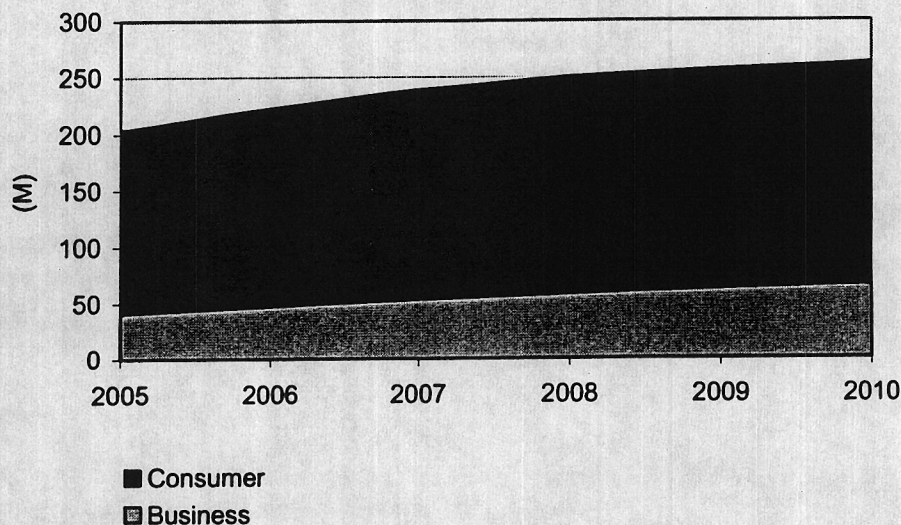
TABLE 2

U.S. Consumer and Business Wireless Subscribers, 2005-2010 (M)

	2005	2006	2007	2008	2009	2010	2005-2010 CAGR (%)
U.S. population	288.9	291.4	293.8	296.2	298.6	301.0	0.8
Total							
Wireless subscribers	203.9	223.4	239.5	250.5	257.2	262.5	5.2
Growth (%)	12.0	9.6	7.2	4.6	2.7	2.1	
Net annual subscriber adds	21.8	19.5	16.1	11.0	6.7	5.3	-24.6
Wireless penetration (%)	70.6	76.7	81.5	84.6	86.1	87.2	
Consumer							
Wireless subscribers	163.1	176.5	186.8	192.9	195.5	196.9	3.8
Growth (%)	10.6	8.2	5.8	3.3	1.3	0.7	
Net annual subscriber adds	15.6	13.4	10.3	6.1	2.6	1.4	-38.2
Business							
Wireless subscribers	40.8	46.9	52.7	57.6	61.7	65.6	10.0
Growth (%)	17.9	15.0	12.3	9.3	7.1	6.3	
Net annual subscriber adds	6.2	6.1	5.8	4.9	4.1	3.9	-8.8

Note: See Table 1 for key forecast assumptions.

Source: IDC, 2006

FIGURE 1**U.S. Wireless Subscribers by Segment, 2005–2010**

Source: IDC, 2006

Revenue Forecast

IDC forecasts strong total wireless revenue growth through 2008, when sharply slower total subscriber growth, continued voice ARPU erosion, and data services pricing erosion pull total wireless revenue growth down to approximately 7% annually in 2008, and then down to approximately 1.6% in 2010 (see Table 3 and Figures 2 and 3).

Even more importantly, IDC believes that slowing subscriber growth set against continued voice ARPU erosion and heightened competition from MVNOs poises the industry to begin experiencing declining total voice service revenue in the 2008–2009 time frame. Nevertheless, strong data services growth will more than offset voice pricing erosion, resulting in continued albeit sharply lower total revenue growth — and especially consumer revenue growth — over the forecast period.

IDC reiterates earlier guidance to clients that service providers must embrace wireless advertising to their customers over their wireless devices to drive additional nonvoice revenue, which for the purposes of this forecast IDC counts as data revenue. Not only is wireless advertising over wireless devices simply inevitable, but by embracing the medium early, service providers decrease the chance of being cut of the revenue stream, increase their influence and control over the advertising experience of their customers, and fully realize the revenue potential of wireless devices as the "third" screen in customers' lives after the TV and PC. Simply put, wireless carriers must embrace the medium and revenue opportunity — or someone else will do it for them.

TABLE 3**U.S. Total and Consumer Wireless Service Revenue, 2005-2010 (\$B)**

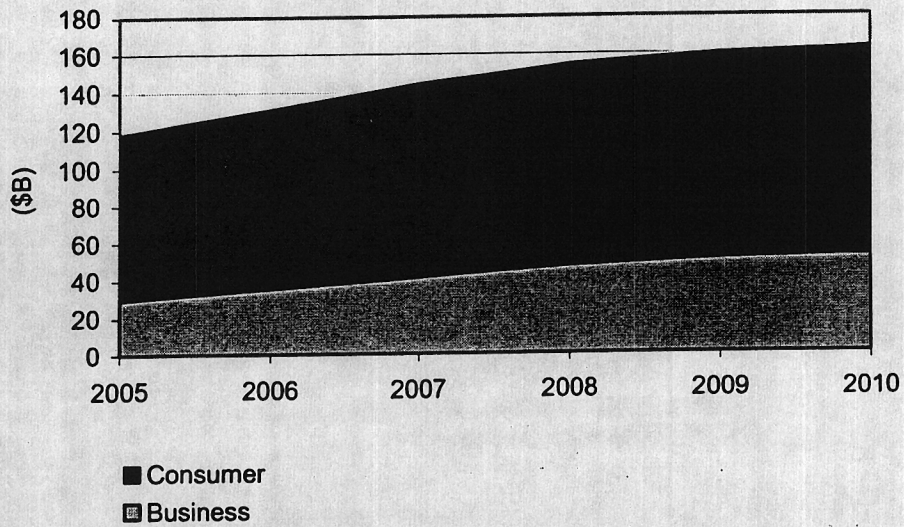
	2005	2006	2007	2008	2009	2010	2005-2010 CAGR (%)
Total							
Voice	108.97	117.19	123.51	125.49	123.63	120.06	2.0
Growth (%)	NA	7.5	5.4	1.6	-1.5	-2.9	
Data	9.46	14.25	21.00	29.21	36.55	42.73	35.2
Growth (%)	NA	50.6	47.4	39.0	25.1	16.9	
Total	118.43	131.44	144.52	154.70	160.18	162.79	6.6
Growth (%)	NA	11.0	9.9	7.0	3.5	1.6	
Consumer							
Voice	84.91	90.00	93.60	93.79	90.98	87.34	0.6
Growth (%)	NA	6.0	4.0	0.2	-3.0	-4.0	
Data	4.11	6.45	9.84	14.01	18.61	23.27	41.5
Growth (%)	NA	57.1	52.6	42.4	32.8	25.0	
Total	89.01	96.45	103.45	107.80	109.59	110.60	4.4
Growth (%)	NA	8.4	7.3	4.2	1.7	0.9	

Note: See Table 1 for key forecast assumptions.

Source: IDC, 2006

FIGURE 2

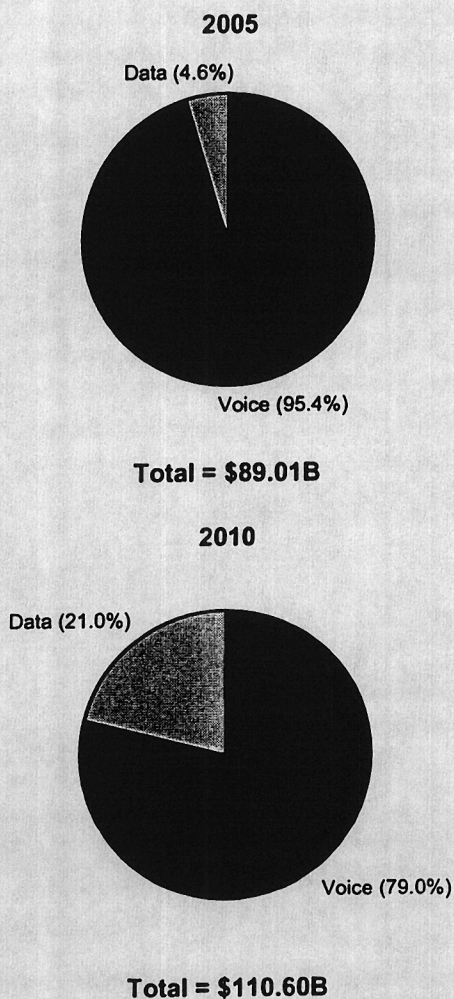
U.S. Wireless Service Revenue by Segment, 2005-2010



Source: IDC, 2006

FIGURE 3

**U.S. Consumer Voice and Data Wireless Revenue Share,
2005 and 2010**



Source: IDC, 2006

ARPU Forecast

IDC forecasts that both consumer ARPU and total ARPU when blended with business ARPU will stay relatively steady over the forecast period as strong growth in data services revenue just barely offsets accelerating voice ARPU erosion. Total annual subscriber ARPU is forecast to increase from \$51.13 in 2005 to \$52.58 in 2009 before settling back slightly to \$52.21 in 2010 as data services erosion — especially in certain business data services like laptop AirCard access — have a discernible effect. Total average consumer subscriber ARPU is forecast to increase from \$45.47 in 2005 to \$46.82 in 2010 as total data services revenue growth exceeds total voice revenue declines (see Table 4).

Underlying ARPU trends will be an increasing divergence between wireless subscribers who are heavy data users and spend substantially more on wireless data and content over time, which helps sustain total average ARPU levels, set against a substantial number of subscribers who remain voice-only or only occasional data users. It is therefore key for the wireless industry to focus on increasing data adoption and substantial data usage among the broadest possible subscriber base as data revenue is what largely sustains total ARPU figures and total revenue growth over the forecast period, especially toward the end of the forecast period.

TABLE 4

U.S. Total and Consumer Wireless Subscriber ARPU, 2005-2010 (\$)

	2005	2006	2007	2008	2009	2010	2005-2010 CAGR (%)
Total							
Voice	47.05	45.71	44.47	42.68	40.59	38.50	-3.9
Growth (%)	NA	-2.8	-2.7	-4.0	-4.9	-5.1	
Data	4.08	5.56	7.56	9.93	12.00	13.70	27.4
Growth (%)	NA	36.1	36.1	31.4	20.8	14.2	
Data share of total (%)	7.99	10.84	14.53	18.88	22.82	26.25	26.9
Growth (%)	NA	35.7	34.1	29.9	20.9	15.1	
Overall ARPU/subscriber	51.13	51.27	52.03	52.62	52.58	52.21	0.4
Growth (%)	NA	0.3	1.5	1.1	-0.1	-0.7	
Consumer							
Voice ARPU (\$)	43.38	42.50	41.75	40.52	38.78	36.97	-3.1
Growth (%)	NA	-2.0	-1.7	-3.0	-4.3	-4.7	
Data ARPU (\$)	2.10	3.05	4.39	6.05	7.94	9.85	36.2
Growth (%)	NA	45.2	44.2	37.9	31.1	24.1	
Data share of consumer (%)	4.61	6.69	9.52	13.00	16.98	21.04	35.5
Growth (%)	NA	45.0	42.3	36.6	30.7	23.9	
Overall consumer ARPU (\$)	45.47	45.54	46.15	46.57	46.72	46.82	0.6
Growth (%)	NA	0.2	1.3	0.9	0.3	0.2	

Note: See Table 1 for key forecast assumptions.

Source: IDC, 2006

Market Context

IDC has revised its total U.S. wireless subscriber forecast upward compared with the forecasts published in 2005 as the service provider industry has maintained remarkable levels of subscriber growth notwithstanding approaching market saturation levels. Indeed, the introduction of new wireless devices designed for very young children and corporations moving toward more restrictive use policies for company-issued wireless devices and thereby resulting in individuals carrying multiple devices, will contribute to additional wireless subscriber growth over the forecast period. Therefore IDC has revised the total U.S. wireless subscriber forecast upward for 2006 by 5.6% and by 10.2% in 2009 (see Table 5 and Figure 4).

The biggest change in IDC's 2006 forecasts is the change in the consumer subscriber forecast due to the change in definition of business subscribers as noted in this study's Methodology section. By comporting the IDC definition of wireless business subscribers to the narrower definition that has been adopted by U.S. wireless service providers, the total number of wireless business subscribers was substantially decreased, and the consumer subscriber numbers consequently increased by 16.5% in 2006 and by 17.5% in 2009.

TABLE 5

U.S. Consumer Wireless Subscribers, 2005-2009: Comparison of 2005 and 2006 Forecasts (M)

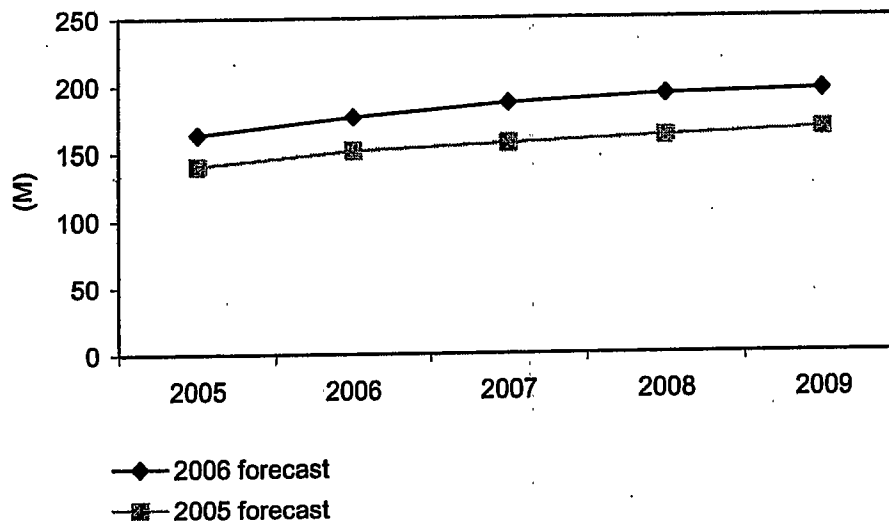
	2005	2006	2007	2008	2009
Total					
2006 forecast	203.9	223.4	239.5	250.5	257.2
2005 forecast	197.8	211.5	221.0	226.6	233.4
2005-2006 change (%)	3.1	5.6	8.4	10.5	10.2
Consumer					
2006 forecast	163.1	176.5	186.8	192.9	195.5
2005 forecast	140.7	151.5	156.5	161.3	166.4
2005-2006 change (%)	15.9	16.5	19.4	19.6	17.5

Note: See Table 1 for key forecast assumptions.

Source: IDC, 2006

FIGURE 4

U.S. Consumer Wireless Subscribers, 2005–2009: Comparison of 2005 and 2006 Forecasts



Source: IDC, 2006

ESSENTIAL GUIDANCE

- ☑ With approaching wireless subscriber market saturation, driving further adoption and usage of data services become key to maintaining total ARPU and service revenue growth in light of continuing voice ARPU erosion.
- ☑ Total voice service revenue declines late in the forecast period will jolt an industry accustomed to 25 years of voice revenue growth and further emphasize the role of data services to the future of the industry.
- ☑ Improving customer experiences with wireless data services — especially content and entertainment services — is a key to driving further data adoption and usage.
- ☑ Sustaining total annual subscriber growth over the forecast period will require focus on developing new subscriber categories, such as very young children and individuals with multiple wireless devices (e.g., users with a personal as well as a business phone).
- ☑ Heightened competition from MVNOs will increase voice services pricing erosion over the forecast period and further contribute to data services pricing erosion.
- ☑ The rapid increase in service provider competition through MVNOs at the beginning of the forecast period will be followed by a new wave of consolidation

in the second part of the forecast period as successful MVNOs are bought by established players and MVNOs merge with one another to achieve scale.

- ☒ MVNOs operating on the retail market model will force the established national providers to adopt the same model through strategies such as subbrands or the acquisition of successful MVNOs addressing key market segments.
- ☒ Notwithstanding the overwhelming present emphasis on the consumer market among the service provider community, it will be the business market that largely sustains subscriber and revenue growth toward the end of the forecast period.
- ☒ Service providers *must* embrace wireless advertising to their customers over their wireless devices to drive additional nonvoice revenue and fully realize the potential of the "third screen" — or someone else will do it for them.

LEARN MORE

Related Research

- ☒ *Top 10 U.S. Wireless Services Issues in 2006* (IDC #34726, January 2006)
- ☒ *Cingular Announces Availability of 3G Services* (IDC #34557, December 2005)
- ☒ *U.S. Youth and Young Adult Wireless Subscriber 2005–2009 Forecast: A Last Engine of Subscriber Growth* (IDC #34467, December 2005)
- ☒ *Sprint Nextel, Comcast, Cox, Time Warner, and Advance/Newhouse Team Up For Quadruple Play* (IDC #34361, November 2005)
- ☒ *Sprint Launches Consumer EV-DO Power Vision Network: V CAST Gets Company* (IDC #34354, November 2005)
- ☒ *U.S. Wireless SMS, IM, and MMS Messaging 2005–2009 Forecast: Pricing Erosion Emerges Amid Strong Growth* (IDC #34197, October 2005)
- ☒ *2005 U.S. Wireless B2B Survey: Wireless Managers' Challenges, Preferences, and Expectations* (IDC #34043, October 2005)
- ☒ *Sprint and Nextel to Keep Both Brands After Merger: Meek Branding Strategy to Lead Bold Business Strategy* (IDC #33628, June 2005)
- ☒ *Cingular Revamps GoPhone: Takes More Focused Aim at Prepaid Market* (IDC #33602, June 2005)
- ☒ *U.S. Wireless Music 2005–2009 Forecast and Analysis: Grooves on the Move* (IDC #33586, June 2005)
- ☒ *Bert and Ernie Go Wireless: The Emergence of the Cell Phone as a Wireless Babysitter* (IDC #33524, June 2005)

- ☒ *MVNOs a-Go-Go: Overview of Announced U.S. MVNOs and Strategies for MVNO Market Success* (IDC #33272, April 2005)
- ☒ *U.S. Consumer Wireless 2005–2009 Forecast: Growth Obscures Fundamental Shifts* (IDC #33015, March 2005)
- ☒ *Goodbye to the Industry as We Know It? The Impending Rationalization of the U.S. Wireless Provider Industry* (IDC #32907, February 2005)
- ☒ *Piling into Wireless: SK Telecom and EarthLink to Launch U.S. MVNO* (IDC #32836, January 2005)
- ☒ *Verizon Wireless Launches First U.S. 3G Consumer Services* (IDC #32741, January 2005)

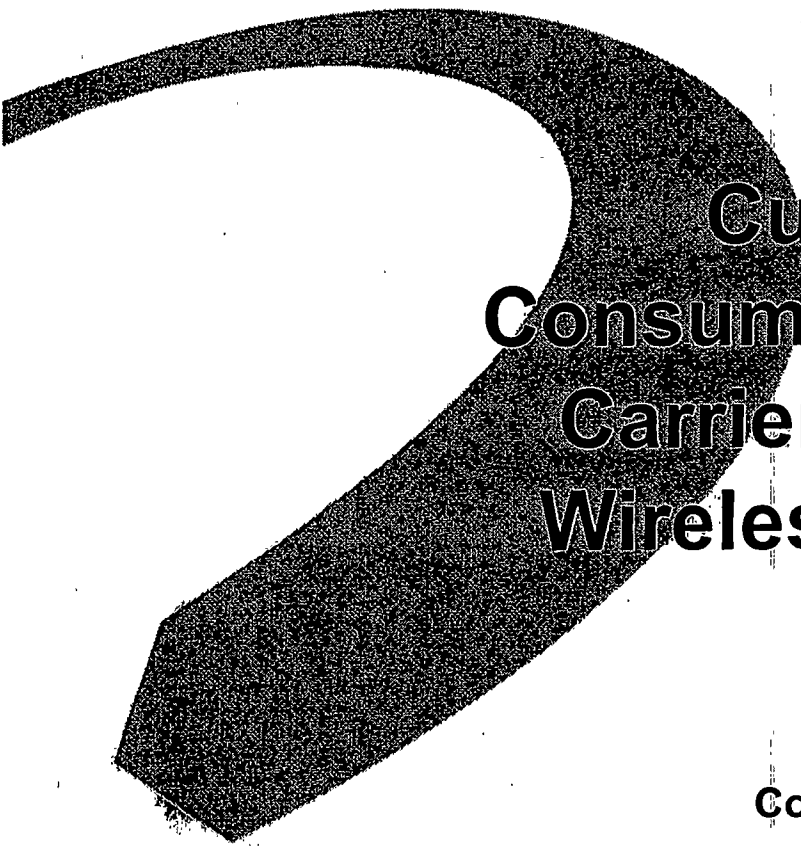
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Contributing Analyst: Rich Luhr

Analyst: David Chamberlain

Group: Wireless Technology

Phone: (480) 483-4449

david.chamberlain@reedbusiness.com

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6909 E. Greenway Parkway, Ste. 250 • Scottsdale, AZ 85254

1101 S. Winchester Blvd., Bldg N • San Jose, CA 95128

225 Wyman St. • Waltham, MA 02451

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